

UNION PARISH ASSESSOR

FARMERVILLE, LOUISIANA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**



**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

**Honorable Lance Futch
Union Parish Assessor
Farmerville, Louisiana**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Union Parish Assessor, a component unit of the Union Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Union Parish Assessor, as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2013, on our consideration of the Union Parish Assessor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Assessor's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



May 6, 2013

*Assessor Union Parish
101 Main Street
Suite #103
Farmerville, La. 71241-2843
(318)368-3232*

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2012**

Our discussion and analysis of the Union Parish Assessor (the Assessor) provides an overview of the Assessor's activities for the year ended December 31, 2012. Please read it in conjunction with the Assessor's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Assessor as a whole.

**Reporting the Assessor as a Whole
The Statement of Net Assets and the Statement of Activities**

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Assessor's net assets and changes in them. The Assessor's net assets (i.e., the difference between assets and liabilities) are a measure of the Assessor's financial position. The increases or decreases in the Assessor's net assets are an indicator of whether its financial position is improving or deteriorating.

THE ASSESSOR'S OFFICE AS A WHOLE

At December 31, 2012, net position was as follows:

NET POSITION

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,361,712	\$ 1,215,241
Capital assets, net	<u>333,880</u>	354,762
Total assets	<u>1,695,592</u>	1,570,003
Deferred outflows	<u>8,574</u>	10,949
Current liabilities	<u>2,211</u>	14,200
Long-term liabilities	<u>730,921</u>	628,465
Total liabilities	<u>733,132</u>	642,665
Net position:		
Invested in capital assets	62,880	66,762
Unrestricted	<u>908,154</u>	871,525
Total net position	<u>\$ 971,034</u>	\$ 938,287

UNION PARISH ASSESSOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012

For the year ended December 31, 2012, net assets changed as follows:

	<u>2012</u>	<u>2011</u>
Program revenues:		
Charges for services	\$ 25,528	\$ 19,958
General revenues:		
Property taxes	804,396	774,984
Intergovernmental	3,988	4,117
Interest income	18,909	3,946
Total revenues	<u>852,821</u>	<u>803,005</u>
Expenses:		
General government	820,074	782,779
Gain on disposal of capital assets	-	3,133
Change in net position	32,747	23,359
Net position at beginning of year	<u>938,287</u>	<u>914,928</u>
Net position at end of year	<u>\$ 971,034</u>	<u>\$ 938,287</u>

BUDGETARY HIGHLIGHTS

We amend our budget when we determine there are differences between actual and anticipated revenues and/or expenditures. Our final amended budget was adopted near the end of the year. Budgeted revenues were not amended. Budgeted expenditures were increased by \$35,162, to adjust for expected capital outlay expenditures and various other minor changes.

CAPITAL ASSETS

As of December 31, 2012, the Assessor's investment in capital assets amounts to \$333,880 (net of accumulated depreciation). This investment includes a building, furniture, equipment, and two vehicles. This year's additions of \$5,000 were for computer equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

We are not aware of any facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

CONTACTING THE ASSESSOR'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Assessor's finances and to show accountability for the money received by the Assessor's office. If you have any questions about this report or need additional financial information, contact the Union Parish Assessor's office at 101 Main Street, Farmerville, Louisiana 71241.

BASIC FINANCIAL STATEMENTS

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

ASSETS AND DEFERRED OUTFLOWS

Assets:

Cash and cash equivalents	\$ 599,862
Receivables, net of allowance for uncollectibles	761,850
Capital assets, net of accumulated depreciation	333,880
Total assets	<u>1,695,592</u>

Deferred outflows

Prepaid expenses	<u>8,574</u>
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ASSETS AND DEFERRED OUTFLOWS

\$1,704,166

LIABILITIES AND NET POSITION

Liabilities:

Accounts payable	\$ 1,311
Payroll and related liabilities	900
Noncurrent liabilities:	
Due within one year	18,000
Due in more than one year	253,000
Net OPEB obligation	459,921
Total liabilities	<u>733,132</u>

Net position:

Invested in capital assets, net of related debt	62,880
Unrestricted	908,154
Total net position	<u>971,034</u>

LIABILITIES AND NET POSITION

\$1,704,166

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

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Expenses - general government:	
Depreciation	\$ 25,882
Materials and supplies	39,842
OPEB obligation	119,456
Operating services	52,474
Personal services and related expenses	541,186
Travel, training, and meetings	32,422
Debt service - interest	8,812
Total expenses - general government	<u>820,074</u>
Program revenues:	
Charges for services	<u>25,528</u>
Net program expense	<u>794,546</u>
General revenues:	
Property taxes	804,396
Payments in lieu of taxes	3,988
Interest earned	<u>18,909</u>
Total general revenues	<u>827,293</u>
Change in net position	<u>32,747</u>
Net position at beginning of year	<u>938,287</u>
Net position at end of year	<u><u>\$ 971,034</u></u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**GOVERNMENTAL FUND - GENERAL FUND
BALANCE SHEET
AS OF DECEMBER 31, 2012**

ASSETS AND DEFERRED OUTFLOWS

Assets:	
Cash and cash equivalents	\$ 599,862
Receivables, net of allowance for uncollectibles	<u>761,850</u>
Total assets	1,361,712

Deferred outflows:	
Prepaid expenses	<u>8,574</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,370,286</u>
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LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 1,311
Payroll and related liabilities	<u>900</u>
Total liabilities	2,211

Deferred inflows:	
Deferred revenue	71,101

Fund balances:	
Unassigned	<u>1,296,974</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 1,370,286</u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance	\$ 1,296,974
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the fund statements.	333,880
Deferred revenues in the governmental fund balance sheet are recognized as revenue in the statement of activity and are not included in the statement of net assets.	71,101
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund statements.	<u>(730,921)</u>
Net assets of governmental activities	<u>\$ 971,034</u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Revenues:	
Property taxes	\$ 798,870
Payments in lieu of taxes	3,988
Charges for services	25,528
Interest earned	18,909
Total revenues	<u>847,295</u>
Expenditures:	
Current:	
Operating services	52,474
Materials and supplies	39,842
Personal services and related expenses	541,186
Travel, training, and meetings	32,422
Debt service - principal	17,000
Debt service - interest	8,812
Capital outlay	5,000
Total expenditures	<u>696,736</u>
Net change in fund balance	150,559
Fund balance at beginning of year	<u>1,146,415</u>
Fund balance at end of year	<u><u>\$1,296,974</u></u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Amounts reported for governmental activities in the statement of net assets are different because:

Net change in fund balance **\$ 150,559**

Payments of long-term debt, including contributions to the OPEB obligation, are reported as expenditures in governmental funds. However, those amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities. **(119,456)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. **(20,882)**

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. **5,526**

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. **17,000**

Change in net assets of governmental activities **\$ 32,747**

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the Union Parish Assessor (the Assessor) is elected by the voters of the parish and serves a term of four years. The Assessor assesses all real and movable property in the parish subject to ad valorem taxation, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The Assessor is authorized to appoint as many deputies as necessary for the efficient operation of the office and to provide assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the Assessor is officially and pecuniarily responsible for the actions of the deputies.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Assessor is considered a component unit of the Union Parish Police Jury since it is fiscally dependent on the Union Parish Police Jury for office space and related utility costs. For the purposes of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

At December 31, 2012, there are 21,621 real, movable, and public service assessment listings.

The accompanying financial statements of the Union Parish Assessor have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Assessor considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Assessor.

The Assessor reports one major governmental fund, the General Fund, which is the Assessor's primary operating fund. It accounts for all of the Assessor's financial resources.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Assessor's policy to use restricted resources first, then unrestricted resources as they are needed.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Type Definitions

In accordance with Government Accounting Standards Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Union Parish Assessor classifies governmental fund balances as follows:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the council of the Assessor.
Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Union Parish Assessor.
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Receivables and payables

All trade and ad valorem tax receivables are shown net of an allowance for uncollectibles, when material.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

As provided by Louisiana Revised Statute 47:1925, the Assessor is authorized to levy an ad valorem tax in lieu of pro rata deductions from ad valorem taxing authorities. For the year ended December 31, 2012, the Assessor levied 4.97 mills to provide funding for the office.

Ad valorem tax revenues that are not expected to be collected within sixty days of year end are recorded as deferred revenue in the General Fund.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are the principal taxpayers and related property tax revenue for the Assessor:

Taxpayer	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue
Midcontinent Express Pipeline, LLC	\$ 25,110,650	12.62%	\$ 1,720,383
Gulf Crossing Pipeline Company	13,060,600	6.57%	904,523
Foster Poultry Farms	8,741,200	4.39%	575,330
Enervest Operating Company	7,061,460	3.55%	475,761
Centerpoint Energy Gas Trans.	5,900,030	2.97%	404,821
Claiborne Electric Coop.	3,943,170	1.98%	278,096
Entergy Louisiana, Inc.	3,474,500	1.75%	241,209
CenturyTel, Inc.	3,200,590	1.61%	215,048
Trans-Union Interstate Pipeline	2,304,430	1.16%	160,302
Community Trust Bank	1,529,600	0.77%	117,106
Totals	<u>\$ 74,326,230</u>	<u>37.37%</u>	<u>\$ 5,092,579</u>

Budgets

The Assessor uses the following budget practices:

The Assessor adopted an operating budget on a basis consistent with generally accepted accounting principles on its governmental fund for the year ended December 31, 2012, as required by generally accepted accounting principles as applicable to governmental units and as required by Louisiana law. Budgetary data is prepared based on prior-year actual operating revenues and expenditures, and expected differences between actual and anticipated revenues and expenditures. The budget is monitored by management and amended throughout the year as necessary.

The 2012 budget for the general fund was authorized by the Assessor, made available for public inspection at the Assessor's office, and adopted by the Assessor. The Assessor amended the budget prior to the end of the year.

The budget is established and controlled by the assessor at the object level of expenditure. Appropriations lapse at the end of the year and must be reappropriated for the following year to be expended.

Cash and cash equivalents

Cash includes amounts in interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash deposits are reported at carrying amounts, which reasonably approximate fair value.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Under state law, the Assessor may invest in United States bonds, notes, or certificates. If the original maturities of investments exceed 90 days, they are classified as investments. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Inventories

Inventories are accounted for using the consumption method, where expenditures are recognized as the inventory is used. All purchased inventory items are valued at cost using the first-in/first-out method.

Capital assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$250. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings	30
Furniture and equipment	5-10
Vehicles	5-7

Compensated absences

All employees receive from five to ten days of noncumulative vacation leave each year, depending on length of service. Employees earn eighteen days of noncumulative sick leave each year. At December 31, 2012, there are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure.

Restricted net assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Assessor's policy to use restricted resources first, then the unrestricted resources as they are needed.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund equity

Reservations of fund balance represent amounts that are not appropriable for expenditure or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, deposits of the Assessor's office may not be returned to the Assessor. The Assessor's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Assessor that the fiscal agent bank has failed to pay deposited funds upon demand.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

At December 31, 2012, the Assessor has cash and cash equivalents (book balances) totaling \$599,862 as follows:

Cash and cash equivalents:

Demand deposits	\$ 74,844
Time deposits	524,489
Other	<u>530</u>
Total	<u><u>\$ 599,863</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2012, all of the Assessor's bank balances of \$621,252 were covered by federal deposit insurance and pledged securities as follows:

Insured by FDIC	<u>\$ 471,252</u>
Uninsured and uncollateralized	-
Collateralized by pledged securities not in the Assessor's name	<u>150,000</u>
Total balances exposed to custodial credit risk	<u>150,000</u>
Total bank balances	<u><u>\$ 621,252</u></u>

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2012:

Receivables:

Taxes and licenses	\$ 759,021
Accounts	5,832
Other	<u>10,997</u>
Gross receivables	775,850
Less allowance for uncollectibles	<u>(14,000)</u>
Net total receivables	<u><u>\$ 761,850</u></u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended December 31, 2012, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Buildings	\$ 325,000	\$ -	\$ -	\$ 325,000
Furniture and equipment	72,883	5,000	-	77,883
Vehicles	<u>46,806</u>	<u>-</u>	<u>-</u>	<u>46,806</u>
Total capital assets being depreciated	<u>444,689</u>	<u>5,000</u>	<u>-</u>	<u>449,689</u>
Less accumulated depreciation for:				
Buildings	10,833	10,833	-	21,666
Furniture and equipment	49,212	7,777	-	56,989
Vehicles	<u>29,882</u>	<u>7,272</u>	<u>-</u>	<u>37,154</u>
Total accumulated depreciation	<u>89,927</u>	<u>25,882</u>	<u>-</u>	<u>115,809</u>
Total capital assets being depreciated	<u>354,762</u>	<u>(20,882)</u>	<u>-</u>	<u>333,880</u>
Governmental activities, capital assets, net	<u>\$ 354,762</u>	<u>\$ (20,882)</u>	<u>\$ -</u>	<u>\$ 333,880</u>

The assets acquired through the capital lease are as follows:

Asset:	
Building	\$ 325,000
Less accumulated depreciation	<u>(21,666)</u>
Total	<u>\$ 303,334</u>

NOTE 5 – CAPITAL LEASE

The Assessor has entered into a cooperative endeavor agreement with the Union Parish Police Jury for the purpose of acquiring a public building. This agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5 – CAPITAL LEASE (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2012, are as follows:

<u>Year Ending Dec. 31</u>	
2013	\$ 26,692
2014	26,534
2015	26,354
2016	27,129
2017	27,615
2018-2022	134,008
2023-2025	<u>78,330</u>
Total minimum lease payments	346,662
Less amount representing interest	<u>(75,662)</u>
Present value of minimum lease payments	<u>\$ 271,000</u>

NOTE 6 – LONG-TERM DEBT

Long-term obligation transactions for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital lease payable	<u>\$288,000</u>	<u>\$ -</u>	<u>\$ (17,000)</u>	<u>\$ 271,000</u>	<u>\$ 18,000</u>

NOTE 7 – LOUISIANA ASSESSORS' RETIREMENT SYSTEM

Plan description

Substantially all employees of the Union Parish Assessor's office are members of the Louisiana Assessors' Retirement System (the System), a multiple-employer (cost-sharing), public-employee retirement system (PERS), controlled and administered by a separate board of trustees. The System provides retirement, death, and disability benefits to plan members and beneficiaries. Benefits are established by statute.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 7 – LOUISIANA ASSESSORS' RETIREMENT SYSTEM (Continued)

All full-time employees who were employed on or after July 26, 1950, and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the system. Employees who retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service rendered on or before June 30, 1999, and 3.33% of their final-average salary for each year of credited service rendered on or after July 1, 1999, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System, Post Office Box 14699, Baton Rouge, Louisiana 70898, or by calling (225)928-8886.

Funding policy

Plan members were required by state statute to contribute 8.00% of their annual covered salary January through December 2012. The Union Parish Assessor is required to contribute at an actuarially determined rate. The rate of annual covered payroll was 13.5% for January through December 2012. Contributions to the system include .0025% of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Union Parish Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Union Parish Assessor's payments to the System for the year ended December 31, 2012, were \$48,958, which equaled the required contribution for the year. For the year ended December 31, 2012, the Union Parish Assessor also paid the employees' share of contributions of \$29,012 as allowed by state law.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan description

The Union Parish Assessor contributes to a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare and life insurance for eligible employees and their spouses through the Assessor's group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Union Parish Assessor. The Retiree Health Plan does not issue a publicly available financial report.

Effective with the year ended December 31, 2009, the Union Parish Assessor implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This statement has been implemented prospectively. Using this method, the beginning other post employment benefit (OPEB) liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to January 1, 2009) will be amortized and recognized as an expense over thirty years.

Funding policy

The Union Parish Assessor contributes 100% of the cost of medical, dental, and life insurance premiums of eligible retirees and their spouses. For the year ended December 31, 2012, the Assessor contributed \$11,327.

Annual OPEB cost and net OPEB obligation

The Assessor's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Assessor has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Assessor's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Assessor's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 120,569
Interest on prior year net OPEB obligation	10,214
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	130,783
Contributions made	(11,327)
Increase in net OPEB obligation	119,456
Net OPEB obligation, beginning of year	340,465
Net OPEB obligation, end of year	<u>\$459,921</u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded status and funding progress

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Annual OPEB cost	\$ 123,869	\$ 127,288	\$ 130,783
Percentage of annual OPEB cost contributed	9%	9%	9%
Net OPEB obligation	\$ 223,962	\$ 340,465	\$ 459,921

As of December 31, 2010, the actuarial accrued liability for benefits was \$1,642,167, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$307,860, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 533%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because requirements of GASB 45 were implemented during the year ended December 31, 2009, and the Assessor will now update the calculation every three years, only two years of data are available.

Methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on the mortality tables from the National Center for Health Statistics. The 2003 (revised 2007) United States Life Tables for Males and for Females were used.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Methods and assumptions (continued)

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 5.36 percent initially, increased to an ultimate rate of 5.40 percent after ten years, was used.

Health insurance premiums - 2010 age adjusted health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation rate assumption of 3.9 was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds* for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Assessor's short-term investment portfolio, a discount rate of 3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was twenty-eight years.

NOTE 9 – CONTINGENCIES

There was no litigation pending at December 31, 2012.

NOTE 10 – RISK MANAGEMENT

The Assessor is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 6, 2013, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	\$ 743,000	\$ 750,000	\$ 798,870	\$ 48,870
Payments in lieu of taxes	4,000	4,000	3,988	(12)
Charges for services	27,000	15,500	25,528	10,028
Interest earned	8,000	9,000	18,908	9,908
Total revenues	<u>782,000</u>	<u>778,500</u>	<u>847,294</u>	<u>68,794</u>
Expenditures:				
Current:				
Operating services	45,000	68,250	52,474	(15,776)
Materials and supplies	16,000	18,000	39,840	21,840
Personal services and related expenses	557,000	559,600	541,186	(18,414)
Travel, training, and meetings	32,000	25,500	32,422	6,922
Debt service - principal	26,000	25,812	17,000	(8,812)
Debt service - interest	-	-	8,812	8,812
Capital outlay	-	14,000	5,000	(9,000)
Total expenditures	<u>676,000</u>	<u>711,162</u>	<u>696,734</u>	<u>(14,428)</u>
Net change in fund balance	106,000	67,338	150,560	83,222
Fund balance at beginning of year	<u>2,130,290</u>	<u>1,078,821</u>	<u>1,146,415</u>	<u>67,594</u>
Fund balance at end of year	<u>\$ 2,236,290</u>	<u>\$ 1,146,159</u>	<u>\$ 1,296,974</u>	<u>\$ 150,815</u>

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**EMPLOYEE HEALTH CARE PLAN
SCHEDULE OF FUNDING PROGRESS
AS OF DECEMBER 31, 2012**

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2009	\$ -	\$1,642,167	\$1,642,167	0%	\$286,960	572%
December 31, 2010	\$ -	\$1,642,167	\$1,642,167	0%	\$307,860	533%

OTHER REPORTS



Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Honorable Lance Futch
Union Parish Assessor
Farmerville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Union Parish Assessor, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements and have issued our report thereon dated May 6, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union Parish Assessor's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control. Accordingly we do not express an opinion on the effectiveness of the Assessor's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Union Parish Assessor
Farmerville, Louisiana
Independent Auditor's Report - GAGAS
December 31, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union Parish Assessor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Louisiana Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

A handwritten signature in blue ink that reads "Bosch & Statham".

May 6, 2013

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Union Parish Assessor.
2. No significant deficiencies are reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Union Parish Assessor were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

No reportable findings resulted from the financial statements audit.

**UNION PARISH ASSESSOR
FARMERVILLE, LOUISIANA**

**STATUS OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
No findings were reported for the year ended December 31, 2011.				